

Wilshire Consulting

2006 Wilshire Report on State Retirement Systems: Funding Levels and Asset Allocation

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Summary of Findings

- The following study includes 125 state retirement systems. Of these 125 retirement systems, 58 systems reported actuarial values on or after June 30, 2005 and 67 systems reported before June 30, 2005. Twenty-one of these 67 late-reporting systems last reported before June 30, 2004.
- Wilshire estimates that the ratio of pension assets-to-liabilities, or *funding ratio*, for all 125 state pension plans was 87% in 2005, up from an estimated 86% in 2004. (Exhibit 1)
- For the 58 state retirement systems which reported actuarial data for 2005, pension assets and liabilities were \$612.8 billion and \$762.4 billion, respectively. The funding ratio for these 58 state pension plans was 80% in 2005, up from 79% for the same plans in 2004. (Exhibit 2)
- For the 58 state retirement systems which reported actuarial data for 2005, pension assets grew 8.3%, or \$47.1 billion, from \$565.7 billion in 2004 to \$612.8 billion in 2005 while liabilities grew 6.3%, or \$45.2 billion, from \$717.2 billion to \$762.4 billion. The slightly faster pace in rising asset values compared with the continued steady growth in liabilities for the 58 state pension plans led to a modest reduction in the aggregate shortfall, as the \$151.5 billion shortfall in 2004 narrowed to a \$149.6 billion shortfall in 2005. (Exhibit 2)
- For the 104 state retirement systems which reported actuarial data for 2004, pension assets and liabilities were \$1,538.8 billion and \$1,799.9 billion, respectively. The funding ratio for all 104 state pension plans was 85% in 2004. (Exhibit 1)
- Of the 58 state retirement systems which reported actuarial data for 2005, 84% have market value of assets less than pension liabilities, or are *underfunded*. The average underfunded plan has a ratio of assets-to-liabilities equal to 77%.
- Of the 104 state retirement systems which reported actuarial data for 2004, 87% are *underfunded*. The average underfunded plan has a ratio of assets-to-liabilities equal to 81%.
- State pension portfolios have a 67.7% average allocation to equities – including real estate and private equity – and a 32.3% allocation to fixed income. The 67.7% equity allocation is slightly higher than the 65.3% equity allocation in 2001. The increasing equity allocation suggests that pension funds remain committed to stocks. (Exhibit 13)
- Asset allocation varies widely by retirement system. Thirty-three of 125 retirement systems have allocations to equity that equal or exceed 75%, and six systems have equity allocations below 50%. The 25th and 75th percentile range for equity allocation is 62% to 75%.
- Wilshire forecasts a long-term median plan return equal to 7.7% per annum, which is 0.3 percentage points below the median actuarial interest rate assumption of 8.0%.

Financial Overview

This is our eleventh report on the financial condition of state-sponsored defined benefit retirement systems and is based upon data gathered from the most recent financial and actuarial reports provided by 125 retirement systems sponsored by the 50 states and the District of Columbia. Appendix A lists the 125 retirement systems included in this year's study.

The Data

Financial data on public retirement systems lack the timeliness and uniform disclosure governing pension plans sponsored by publicly traded companies, making it difficult to conclude a study with data that is both current and consistent across systems. For this reason, our study methodology involves collecting data during the first two months of each calendar year with the objective of acquiring as many reports as possible with a June 30 valuation date from the previous year. Even for systems with the desire to report in a timely manner, it often takes six months to a year for actuaries to determine liability values. Fifty-eight systems reported actuarial values on or after June 30, 2005 and 67 systems reported before June 30, 2005. Twenty-one of these 68 late-reporting systems last reported before June 30, 2004.

Assets versus Liabilities

Exhibit 1 shows market value of assets, actuarial value of assets, and pension liability values for all state retirement systems for which Wilshire has data. With the exception of the two rows identifying Wilshire's estimated funded ratios, the data presented in each column of Exhibit 1 is limited to only those systems that reported on or after June of that year. For example, all 125 retirement systems reported actuarial values for 2003 while only 58 systems reported actuarial values for 2005. Note that Exhibit 1 includes both market value and actuarial value of assets. Unless otherwise noted, "assets" will refer to market value of assets for the remainder of this paper.

Exhibit 1
Financial Overview of State Retirement Systems¹ (\$ billions)

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Total Pension Assets:						
Market Value	\$1,998.7	\$1,850.5	\$1,686.8	\$1,768.7	\$1,538.8	\$612.8
Actuarial Value	\$1,830.3	\$1,945.1	\$1,930.7	\$1,958.2	\$1,567.1	\$607.6
Total Pension Liabilities:	\$1,777.1	\$1,940.4	\$2,069.2	\$2,199.8	\$1,799.9	\$762.4
Difference:						
Market Value	\$221.5	-\$89.9	-\$382.4	-\$431.2	-\$261.1	-\$149.6
Actuarial Value	\$53.2	\$4.7	-\$138.5	-\$241.6	-\$232.8	-\$154.8
Market Value of Assets as a % of Liabilities:						
All Plans (estimate)*	112%	95%	82%	80%	86%	87%
Reported Plans (actual)	112%	95%	82%	80%	85%	80%
Actuarial Value of Assets as a % of Liabilities:						
All Plans (estimate)*	103%	100%	93%	89%	88%	85%
Reported Plans (actual)	103%	100%	93%	89%	87%	80%
Total No. of Retirement Systems:	125	125	125	125	104	58

* The estimation process is explained later in the report (exhibit 3 and its preceding text).

¹ As disclosed in annual reports (most annual reports use a June 30 or December 31 fiscal year). Liabilities are the reported actuarial accrued liabilities and assets are the current market and actuarial values as of the same valuation date as liabilities.

The aggregate pension asset and liability values in Exhibit 1 are not directly comparable across columns because of the different number of retirement systems included for each year. As such, in the case of recent years which do not yet include data for the complete set of plans, we include an estimate of the funding ratios across all 125 plans. By combining these estimates with the historical funding ratios for the complete set of plans we can more consistently evaluate the financial health for these 125 retirement systems over the last five years. Market value funding ratios fell dramatically between 2000 and 2003, from 112% to 80% and have rebounded modestly to 87% over the last two years. Actuarial value funding ratios declined steadily over the last five years, from 103% in 2000 to 85% in 2005.

Exhibit 2 shows asset and liability values for the 58 retirement systems which reported actuarial values for 2005 and compares them with the same totals from the previous five years.

Exhibit 2
Financial Overview of 58 State Retirement Systems (\$ billions)

	2000	2001	2002	2003	2004	2005	Annualized Growth %	
							2000-2005	2004-2005
Total Pension Assets:								
- Market Value	\$578.5	\$532.3	\$487.0	\$499.8	\$565.7	\$612.8	1.2%	8.3%
- Actuarial Value	\$532.8	\$562.4	\$563.8	\$568.4	\$590.5	\$607.6	2.7%	2.9%
Total Pension Liabilities:	\$553.3	\$599.6	\$642.4	\$677.9	\$717.2	\$762.4	6.6%	6.3%
Difference:								
- Market Value	\$25.2	-\$67.3	-\$155.4	-\$178.2	-\$151.5	-\$149.6		
- Actuarial Value	-\$20.6	-\$37.2	-\$78.6	-\$109.6	-\$126.7	-\$154.8		
Assets as a % of Liabilities:								
- Market Value	105%	89%	76%	74%	79%	80%		
- Actuarial Value	96%	94%	88%	84%	82%	80%		
Underfunded Plans as % of All Plans:								
- Market Value	43%	69%	95%	97%	90%	84%		
- Actuarial Value	52%	59%	69%	76%	78%	84%		
Total No. of Systems:	58	58	58	58	58	58		

In 2004, pension liabilities for these 58 plans exceeded assets by \$151.5 billion and the funding ratio, or ratio of assets-to-liabilities, one measure of pension fund health, stood at 79%. One year later, assets have risen to \$612.8 billion, or 8.3%, while liabilities have grown to \$762.4 billion, or 6.3%. The result has been a slight decrease in the difference between assets and liabilities from a negative \$151.5 billion to a negative \$149.6 billion, a \$1.9 billion improvement, and an improvement in the ratio of assets-to-liabilities for these 58 plans from 79% to 80%.

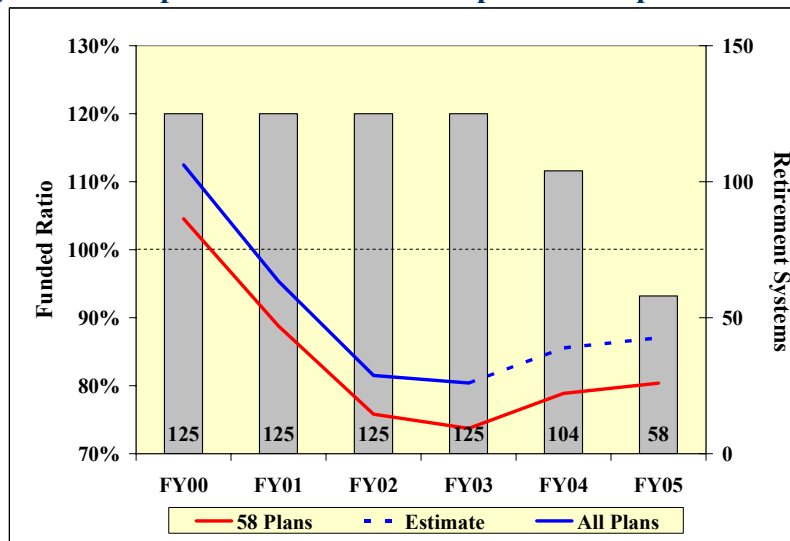
In 2000, pension assets for these 58 plans exceeded liabilities by \$25.2 billion and the funding ratio, or ratio of assets-to-liabilities, stood at 105%. Over the next five years, assets grew 1.2% while liabilities grew 6.6%, both on an annualized basis. The result has been an increase in the difference between assets and liabilities from a positive \$25.2 billion to a negative \$149.6 billion, a \$174.8 billion swing, and a deterioration in the ratio of assets-to-liabilities for these 58 plans from 105% to 80%.

Aggregate statistics such as these can mask the underlying fiscal strength or weakness of individual plans because assets in well-funded retirement systems are not transferable to

underfunded systems. Exhibit 2 shows that 84% of these 58 state pension systems, or 49 pension systems, have assets less than liabilities. If we look only at these 49 underfunded systems, their combined assets as a percent of liabilities equals 77% and their combined unfunded liabilities total \$157.1 billion. Conversely, if we look only at the 9 state pension systems which have assets greater than liabilities, their combined assets as a percent of liabilities equals 111% and their combined overfunded liabilities total \$7.5 billion.

It is important to note, as with any sample, there exists some level of statistical error. As can be seen by comparing Exhibits 1 & 2, the sample of 58 retirement systems which reported 2005 data had a relatively lower funded status than seen historically in the complete set of 125 state plans. Exhibit 3 provides a graphical comparison between the historical data of all plans versus the subset of 58 plans with more recently reported data. The dotted line represents Wilshire's estimated funding ratio for the complete set of 125 plans, which is derived from the historical relationship between the 58 plan sample and the complete set of 125 plans. Using this approach one can reasonably expect a funding ratio of approximately 87% once all plans have reported 2005 actuarial data. This estimation approach and graphical representation of estimated data will be used throughout the remainder of this report.

Exhibit 3
Funding Ratio Comparison of 58 Plan Sample vs. Complete Set of 125 Plans



Funding Ratios

Expanding on Exhibit 3, Exhibit 4 shows the aggregate, average, median, 25th, and 75th percentile market value funding ratios for the 125 state pension systems by fiscal year. Market value funding ratios generally fell between 2000 and 2002, stabilized in 2003, and have improved modestly over the last two years.

Exhibit 4
Market Value Funding Ratios by Fiscal Year for 125 Plans

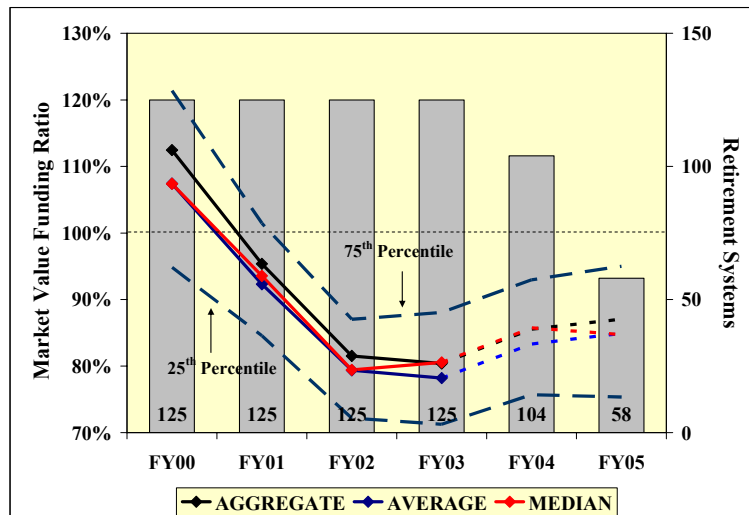


Exhibit 5 shows the same information as Exhibit 4, except uses actuarial value of assets to determine funding ratios. Similar to Exhibit 4, though at a slower rate, funding ratios generally fell between 2000 and 2002. In contrast to market value funding ratios, actuarial value funding ratios continued to fall during the last three years.

Exhibit 5
Actuarial Value Funding Ratios by Fiscal Year for 125 Plans

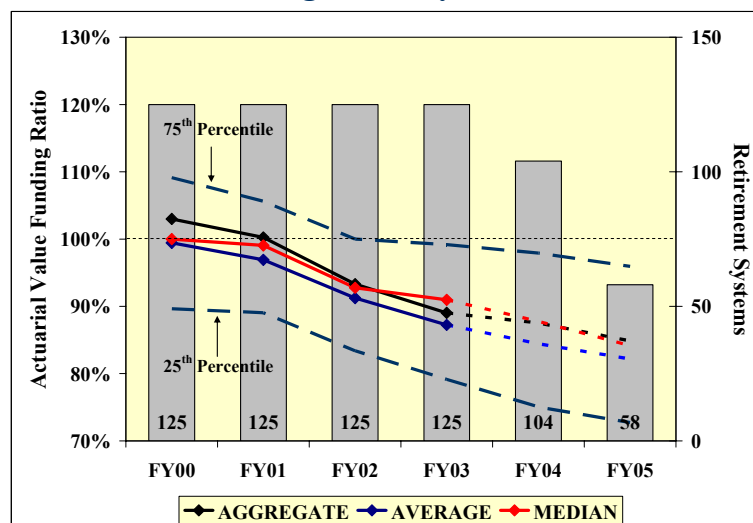
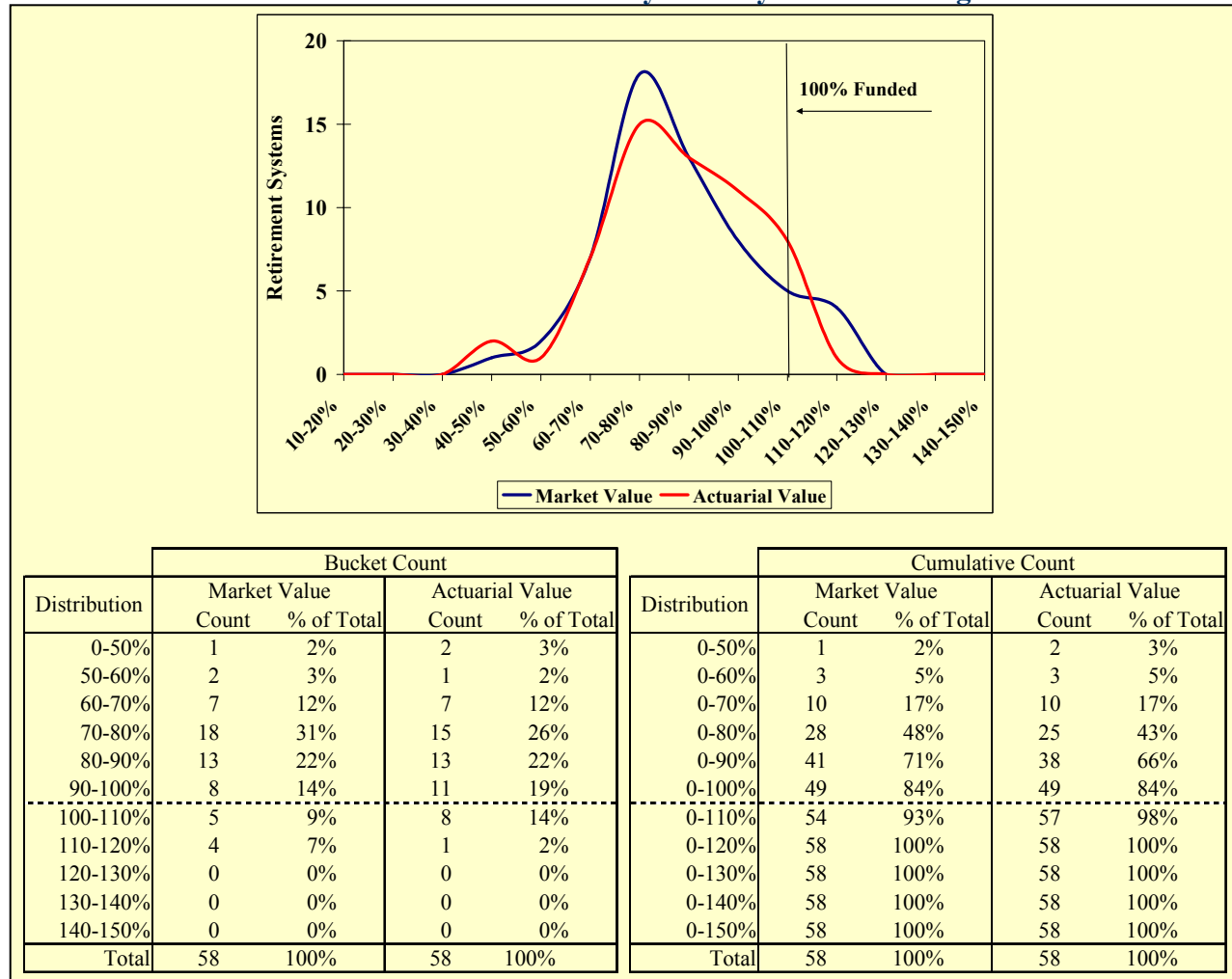


Exhibit 6 gives a more detailed picture of the fiscal condition for the 58 state retirement systems which reported actuarial values for 2005.

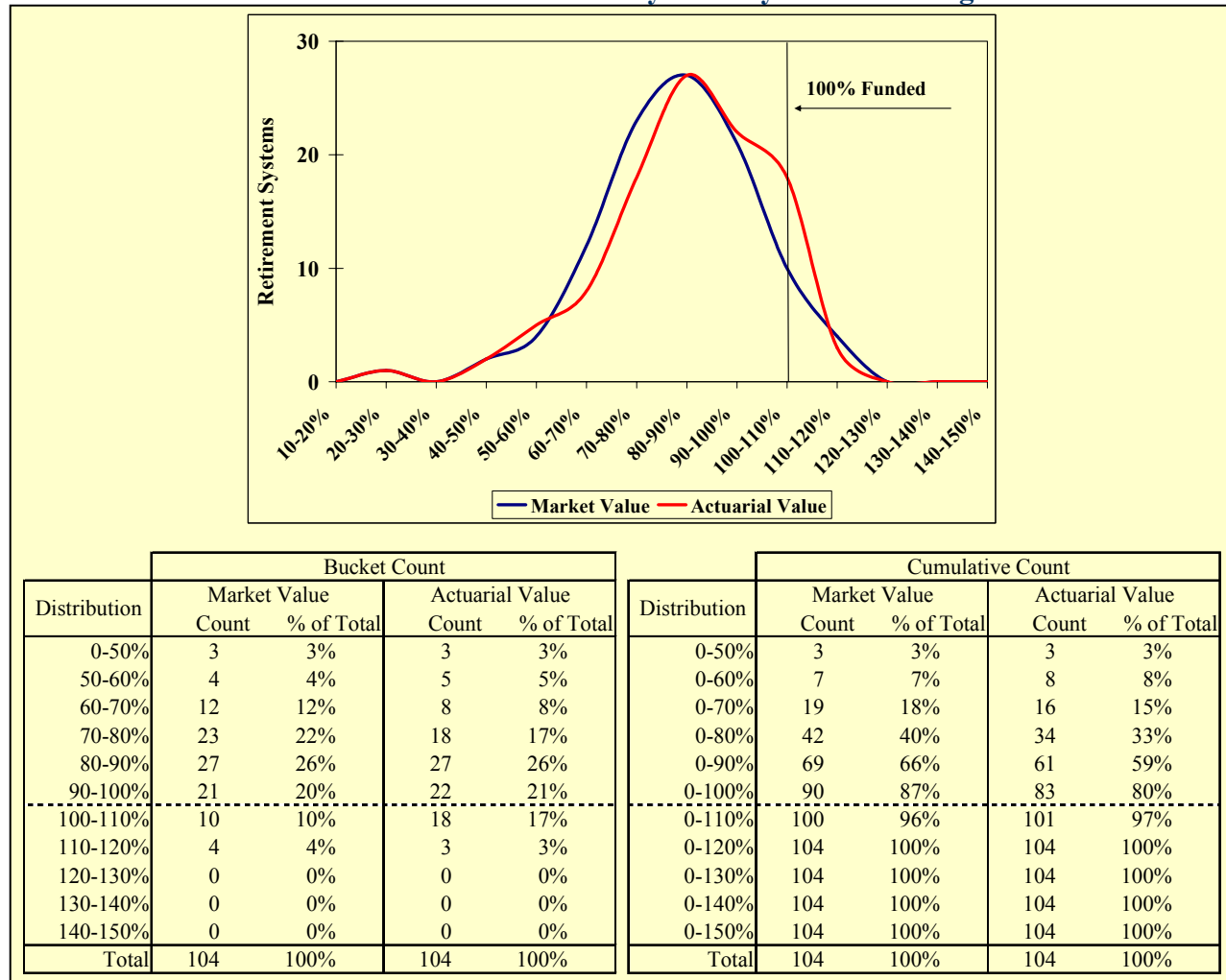
Exhibit 6
Distribution of 58 State Pension Systems by FY05 Funding Ratio



While 49 of the 58 plans, or 84%, have market value of assets below liabilities, Exhibit 6 demonstrates the extent of the shortfall. One plan has assets less than 50% of liabilities; 10 plans have assets less than 70% of liabilities; and 28 plans have assets less than 80% of liabilities. Using actuarial value of assets to determine funding ratios, 49 of the 58 plans, or 84%, have assets below liabilities. Two plans have assets less than 50% of liabilities; 10 plans have assets less than 70% of liabilities; and 25 plans have assets less than 80% of liabilities.

Similar to Exhibit 6, Exhibit 7 examines the fiscal condition of the 104 state retirement systems which reported actuarial values for 2004.

Exhibit 7
Distribution of 104 State Pension Systems by FY04 Funding Ratio



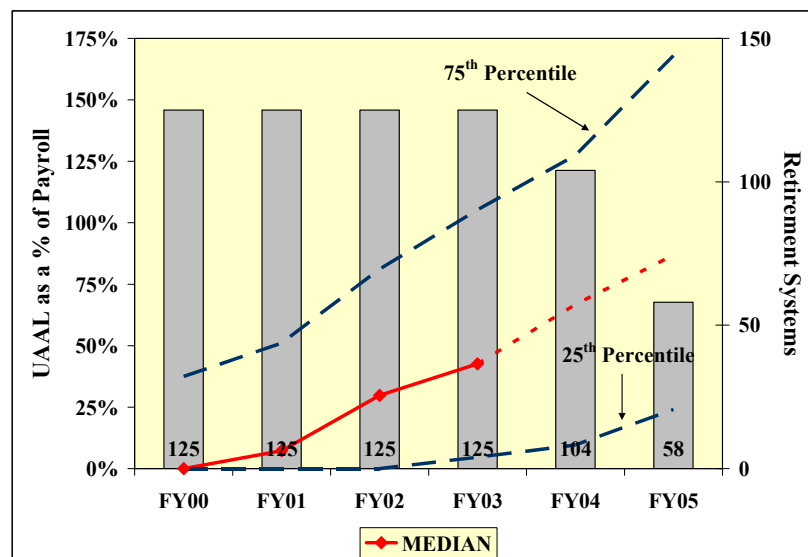
Using market value of assets to determine funding ratios, 90 of the 104 plans, or 87%, have assets below liabilities. Three plans have assets less than 50% of liabilities; 19 plans have assets less than 70% of liabilities; and 42 plans have assets less than 80% of liabilities. Using actuarial value of assets to determine funding ratios, 83 of the 104 plans, or 80%, have assets below liabilities. Three plans have assets less than 50% of liabilities; 16 plans have assets less than 70% of liabilities; and 34 plans have assets less than 80% of liabilities.

Unfunded Actuarial Accrued Liability

The financial health of retirement systems can also be measured by comparing the size of the unfunded actuarial accrued liability (UAAL) to relevant metrics. Since assets under Governmental Accounting Standards Board (GASB) Statement No. 25² are based on actuarial value, this section calculates the UAAL using actuarial value of assets.

Exhibit 8 shows the median size of the UAAL relative to the covered payroll over the last six years for the 125 retirement systems. Exhibit 8 also shows the 25th and 75th percentile for each year.

Exhibit 8
UAAL as a % of Covered Payroll by Fiscal Year for 125 Plans



² GASB No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*.

Exhibit 9 shows the median size of the UAAL relative to the actuarial value of assets over the last six years for the 125 plans. Exhibit 9 also shows the 25th and 75th percentile for each year.

Exhibit 9
UAAL as a % of Actuarial Value of Assets by Fiscal Year for 125 Plans

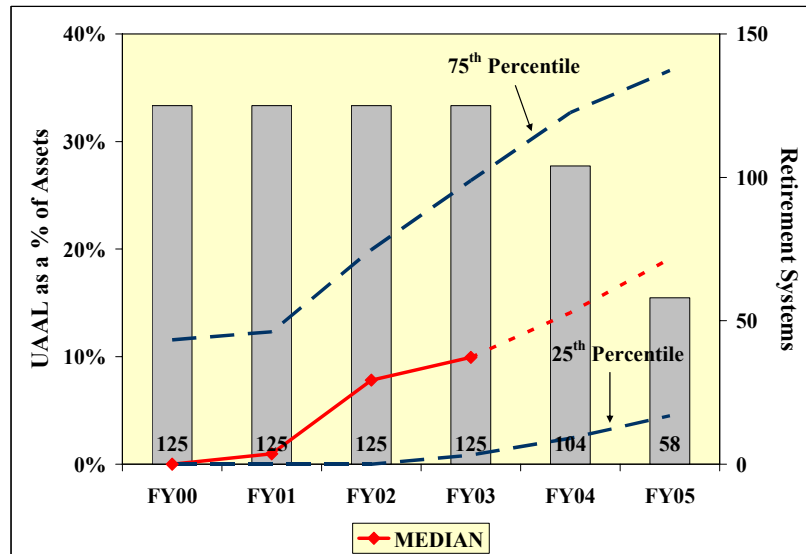
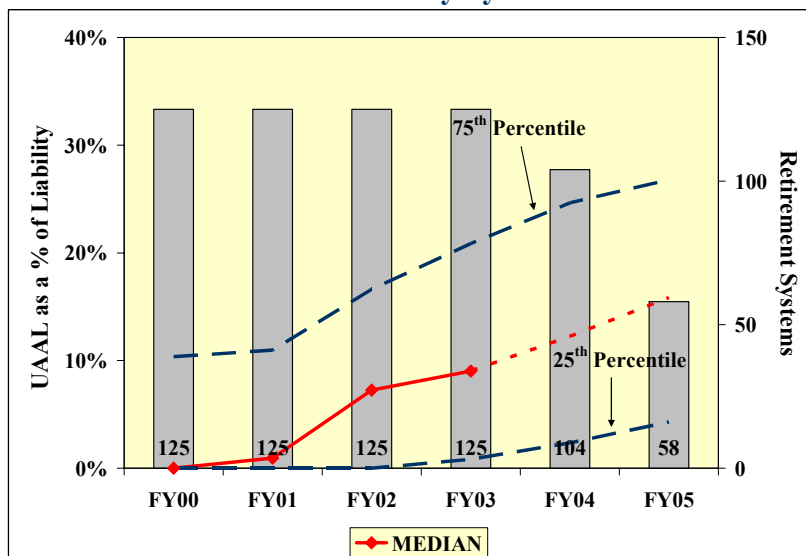


Exhibit 10 shows the median size of the UAAL relative to the actuarial accrued liability over the last six years for all 125 retirement systems. Exhibit 10 also shows the 25th and 75th percentile for each year.

Exhibit 10
UAAL as a % of Accrued Liability by Fiscal Year for 125 Plans



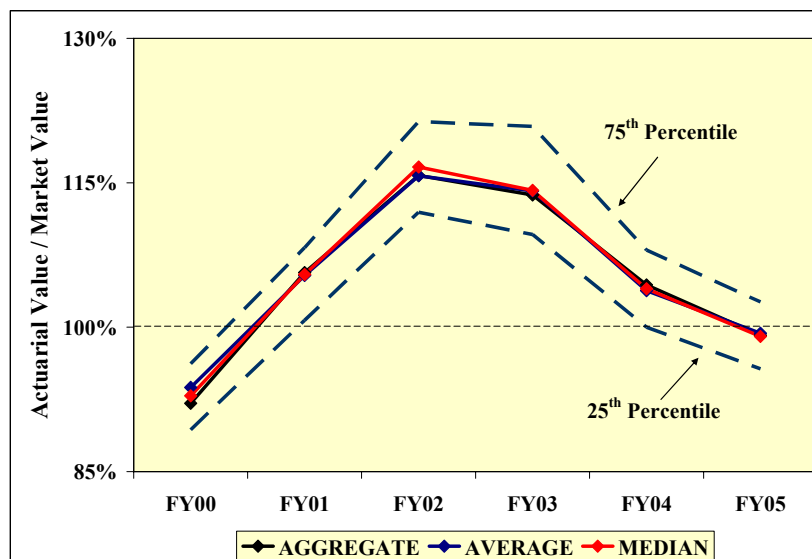
The UAAL has increased relative to all metrics over the last six years, which is indicative of deteriorating financial health for most state retirement systems. However, the actuarial value of assets is often calculated using a smoothing method in order to reduce the impact of market fluctuations when determining pension fund contributions. If the UAAL were calculated using market value of assets, the positive market return over the past few years would have led to a decline in the UAAL relative to these metrics, indicating improved financial health for most state retirement systems.

Market Value of Assets versus Actuarial Value of Assets

As mentioned earlier, the actuarial value of assets is often calculated using a smoothing method in order to reduce the effects of market volatility when determining contribution rates. For example, a five-year smooth market value method would recognize 20% of the gain or loss³ in the market value of assets over five years. Therefore, the poor market returns from 2000 to 2002 are still being recognized when calculating the actuarial value of assets, despite the positive market return from 2003 to 2005.

Exhibit 11 shows the aggregate, average, and median ratio of the actuarial value of assets (AVA) to the market value of assets (MVA) over the last six years for the 125 state plans. Exhibit 11 also shows the 25th and 75th percentile for each year. During FY01 and FY02, actuarial values rose relative to market values since only a fraction of the poor market returns during those years was recognized when calculating the actuarial value of assets. During the last three years, actuarial values declined relative to market values for the same reason, particularly since the actuarial value of assets was still recognizing the poor market returns from the previous few years.

Exhibit 11
AVA as a Percentage of MVA by Fiscal Year for All Reported Plans



³ A gain (loss) occurs when the actual rate of return is greater than (less than) the assumed rate of return.

Asset Allocation

In this section we examine the investment strategies employed by state retirement systems. Exhibit 12 provides a snapshot of the average asset allocation across all 125 state retirement systems.

Exhibit 12
Average Asset Allocation for State Pension Plans

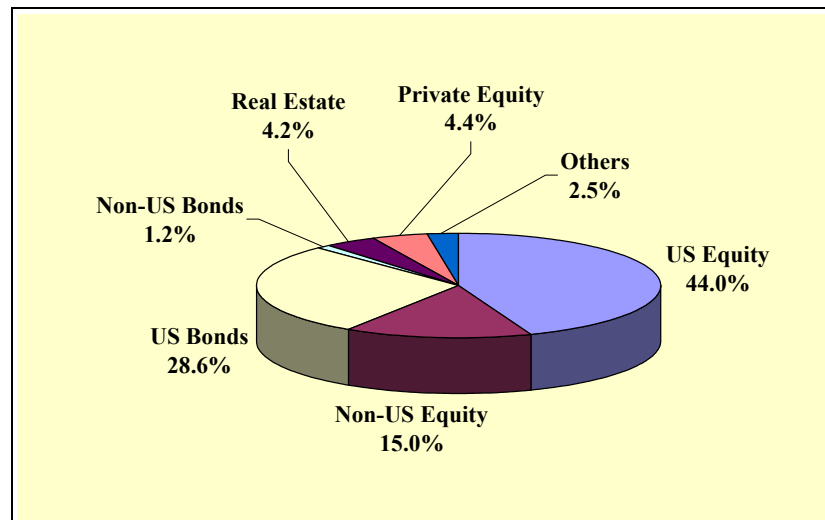


Exhibit 13 examines the change in average asset allocation for state pension plans over the last four years. The average allocations to domestic equities and bonds decreased over this period, while the average allocation to international equities increased from 13.5% to 15.0%. In addition, allocations to alternative asset classes, such as real estate and private equity, increased notably.

Exhibit 13
Change in Average Asset Allocation for State Pension Plans

	<u>2001</u>	<u>2005</u>	<u>Change</u>
Equity			
US Equity	44.8 %	44.0 %	-0.8 %
Non-US Equity	13.5	15.0	1.5
Real Estate	3.4	4.2	0.8
Private Equity	3.6	4.4	0.8
Equity Subtotal	65.3	67.7	2.4
Debt			
US Bonds	30.7	28.6	-2.1
Non-US Bonds	1.8	1.2	-0.6
Other	2.2	2.5	0.3
Debt Subtotal	34.7	32.3	-2.4

Portfolio expected return and risk are calculated using assumptions for the major asset classes, together with each retirement system's actual asset allocation. Exhibit 14 gives Wilshire's long-term return and risk assumptions for each asset class. We view these assumptions as fairly mainstream relative to those of other qualified investment professionals.

Exhibit 14
Wilshire's Asset Class Assumptions

	Expected	
	<u>Return</u>	<u>Risk</u>
U.S. Equity	8.25 %	17.0 %
International Equity	8.25	19.0
Private Equity	11.75	30.0
Real Estate	6.25	16.0
U.S. Bonds	5.00	5.0
International Bonds	4.75	10.0

Exhibit 15 contains summary statistics on asset allocation for all state retirement systems. The median allocation⁴ is 44.8% to domestic equities and 16.0% to international equities. However, as the lowest and highest columns suggest, there is considerable variability in allocations among individual systems. The median state pension fund has an expected return, by Wilshire's estimate, of 7.7%. This is 0.3 percentage points less than the current median actuarial interest rate of 8.0%.

Exhibit 15
Summary Asset Allocation Statistics for State Systems

	<u>Lowest (%)</u>	<u>Median (%)</u>	<u>Highest (%)</u>
Domestic Equity	0.0 %	44.8 %	75.9 %
International Equity	0.0	16.0	27.9
Private Equity	0.0	3.3	18.0
Real Estate	0.0	4.1	12.5
Domestic Bonds	11.3	26.3	93.4
International Bonds	0.0	0.0	18.1
Other	0.0	1.0	32.4
Expected Returns	4.9 %	7.7 %	8.8 %

⁴ The "Median" column in Exhibit 15 represents the median for each asset class and therefore does not sum to 100%. The median expected return is based on the median fund return, not on the median asset mix.

Exhibit 16 plots the expected return and risk for each of the 125 state retirement systems based upon their actual asset allocation. Systems which plot in the upper right employ more aggressive asset mixes while points in the lower left represent systems with more conservative mixes. The horizontal line is positioned at a return equal to 8.0%, the current average actuarial interest rate assumption used by state pension plans.

Using Wilshire's return forecasts, only 29 of the 125 state retirement systems, or 23%, are expected to earn long-term asset returns that equal or exceed their actuarial interest rate assumption. This is up from the 15 state retirement systems that were expected to earn long-term returns that equaled or exceeded their actuarial interest rate assumption in last year's report.

Exhibit 16
Projected Return & Risk by State Pension System

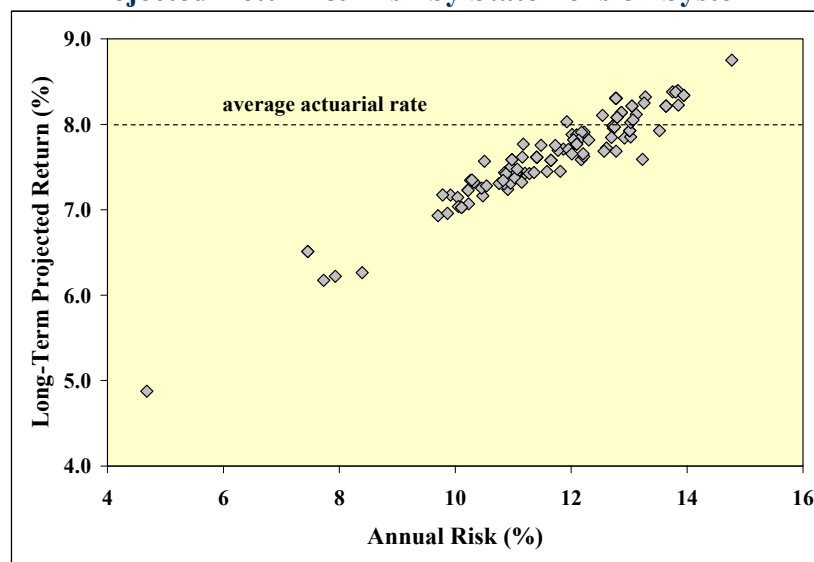
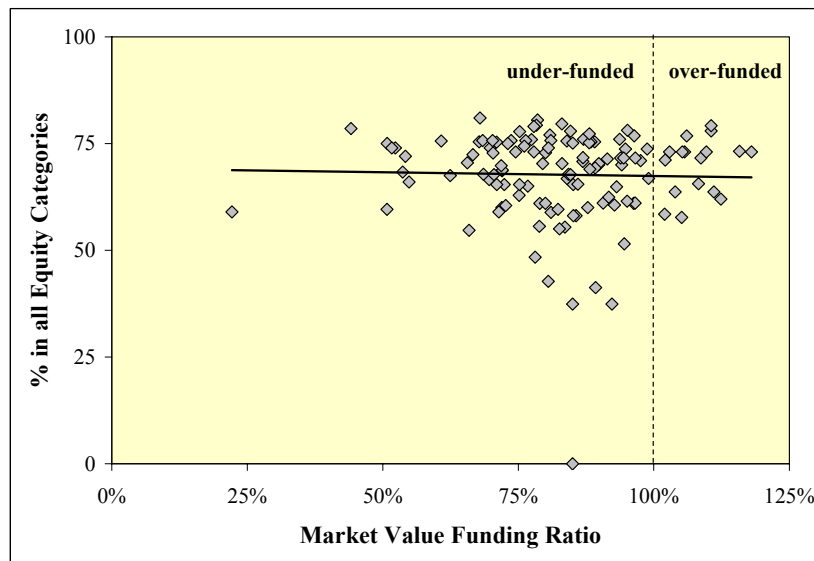


Exhibit 17 addresses the relationship between asset allocation and funding for all state systems. The allocation to equity asset classes, a proxy for investment aggressiveness, is plotted on the vertical scale. The market value funding ratio is shown on the horizontal scale. There is no discernable relationship between asset allocation and funding.

Exhibit 17
Asset Allocation & Actuarial Funding



The vertical line in Exhibit 17 separates overfunded plans from underfunded plans. Casual observation shows that overfunded plans have approximately the same asset allocation pattern as underfunded plans. Statistically, there is no correlation between the allocation to equity and plan funding ratio. In summary, state retirement systems have a broad spectrum of asset allocations that appear to be unrelated to the size of their unfunded liabilities.

We would like to thank Joshua McIntire, Kristin Powell, Jason Samansky, Thomas E. Toth, and Melissa Watters for their helpful contributions.

Appendix A: State Retirement Systems

<u>Retirement System</u>	<u>Retirement System</u>	<u>Report Date</u>
Alabama ERS	Alabama Employees' Retirement System	9/30/2003
Alabama TRS	Alabama Teachers' Retirement System	9/30/2003
Alaska PERS	Alaska Public Employees' Retirement System	6/30/2003
Alaska TRS	Alaska Teachers' Retirement System	6/30/2003
Arizona SRS	Arizona State Retirement System	6/30/2004
Arizona PSPRS	Arizona Public Safety Personnel Retirement System	6/30/2005
Arkansas Highway ERS	Arkansas Highway Employees Retirement System	6/30/2005
Arkansas PERS	Arkansas Public Employees Retirement System	6/30/2005
Arkansas TRS	Arkansas Teachers Retirement System	6/30/2004
California PERS	California Public Employees' Retirement System	6/30/2003
California Regents	The Regents of the University of California	6/30/2005
California STRS	California State Teachers' Retirement System	6/30/2004
Colorado Fire & Police	Colorado Fire & Police Pension Association	12/31/2003
Colorado PERA: Municipal	Colorado PERA: Municipal Division Trust Fund	12/31/2004
Colorado PERA: State & School	Colorado PERA: State & School Division Trust Fund	12/31/2004
Connecticut SERS	Connecticut State Employees' Retirement System	6/30/2004
Connecticut TRS	Connecticut State Teacher's Retirement System	6/30/2004
DC Police & Fire	District of Columbia Police Officers & Fire Fighters' Retirement System	9/30/2004
DC TRS	District of Columbia Teachers Retirement System	9/30/2004
Delaware PERS	Delaware Public Employees' Retirement System	6/30/2005
Florida RS	Florida Retirement Systems	6/30/2004
Georgia ERS	Georgia Employees Retirement System	6/30/2003
Georgia TRS	Georgia Teachers Retirement System	6/30/2004
Hawaii ERS	Hawaii Employees' Retirement System	6/30/2004
Idaho PERS	Idaho Public Employee Retirement System	6/30/2005
Illinois SERS	Illinois State Employees' Retirement System	6/30/2004
Illinois SURS	Illinois State Universities Retirement System	6/30/2005
Illinois TRS	Illinois State Teachers' Retirement System	6/30/2005
Indiana PERF: Employees	Indiana Public Employees' Retirement Fund: Employees	6/30/2003
Indiana PERF: Police & Fire	Indiana PERF: Police Officers' & Firefighters' Pension & Disability Fund	6/30/2003
Indiana TRF	Indiana State Teachers Retirement Fund	6/30/2005
Iowa Fire & Police	Iowa Municipal Fire & Police Retirement System	6/30/2005
Iowa PERS	Iowa Public Employees Retirement System	6/30/2005
Kansas PERS	Kansas Public Employees Retirement System	6/30/2005
Kentucky RS: County Employees	Kentucky Employees Retirement System: County Employees	6/30/2005
Kentucky RS: Employees	Kentucky Employees Retirement System: Employees	6/30/2005
Kentucky TRS	Kentucky Teachers' Retirement System	6/30/2005
Louisiana SERS	Louisiana State Employees' Retirement Systems	6/30/2005
Louisiana TRS	Louisiana Teachers Retirement System	6/30/2005
Louisiana State Police	Louisiana State Police Pension & Retirement System	6/30/2005
Louisiana School ERS	Louisiana School Employees' Retirement System	6/30/2005
Maine SRS	Maine State Retirement System	6/30/2005
Maryland SRPS: Employees	Maryland State Retirement & Pension System: Employees	6/30/2005
Maryland SRPS: State Police	Maryland State Retirement & Pension System: State Police	6/30/2005
Maryland SRPS: Teachers	Maryland State Retirement & Pension System: Teachers	6/30/2005
Massachusetts PERAC	Massachusetts Public Employee Retirement Administration Commission	1/1/2005
Massachusetts Teachers	Massachusetts Public Employee Retirement Administration Commission: Teachers	1/1/2005
Michigan Municipal	Michigan Municipal Employees Retirement System	12/31/2003
Michigan State Police	Michigan State Police Retirement System	9/30/2004
Michigan SERS	Michigan State Employees Retirement System	9/30/2004
Michigan Public School ERS	Michigan Public School Employees Retirement System	9/30/2004
Minnesota PERA: Employees	Minnesota Public Employees Retirement Association: Employees	6/30/2005
Minnesota PERA: Police & Fire	Minnesota Public Employees Retirement Association: Police & Fire	6/30/2005
Minnesota SRS: Employees	Minnesota State Retirement System: Employees	6/30/2004
Minnesota SRS: State Patrol	Minnesota State Retirement System: State Patrol	6/30/2004
Minnesota TRA	Minnesota Teachers Retirement Association	6/30/2005
Mississippi PERS	Mississippi Public Employees' Retirement System	6/30/2005
Missouri Highway ERS	Missouri Highway & Transportation Employees and Highway Patrol Retirement System	6/30/2005
Missouri PEERS	Missouri Public Education Employee Retirement System	6/30/2005
Missouri ERS	Missouri State Employee Retirement System	6/30/2005
Missouri PSRS	Missouri Public School Retirement System	6/30/2005
Montana PERB	Montana Public Employees Retirement Board	6/30/2005
Montana TRS	Montana Teachers' Retirement System	6/30/2005

Appendix A: (cont.)

<u>Retirement System</u>	<u>Retirement System</u>	<u>Report Date</u>
Nebraska RS	Nebraska Retirement System	6/30/2005
Nevada PERS	Nevada Public Employees' Retirement System	6/30/2005
New Hampshire RS: Employees	New Hampshire Employees Retirement System	6/30/2004
New Hampshire RS: Police & Fire	New Hampshire Firefighters & Police Officers Retirement System	6/30/2004
New Hampshire RS: Teachers	New Hampshire Teachers Retirement System	6/30/2004
New Jersey PERS	New Jersey Public Employees Retirement System	6/30/2003
New Jersey Police & Fire	New Jersey Police & Firemen's Retirement System	6/30/2003
New Jersey State Police	New Jersey State Police Retirement System	6/30/2003
New Jersey TPAF	New Jersey Teachers' Pension & Annuity Fund	6/30/2003
New Mexico PERA	New Mexico Public Employees Retirement Association	6/30/2004
New Mexico ERB	New Mexico Educational Retirement System	6/30/2005
New York: ERS	New York State & Local Employees' Retirement System	3/31/2005
New York: Police & Fire	New York Police & Fire Retirement System	3/31/2005
New York STRS	New York State Teachers Retirement System	6/30/2004
North Carolina Local ERS	North Carolina Local Governmental Employees' Retirement System	12/31/2003
North Carolina TSERS	North Carolina Teachers' & State Employees' Retirement System	12/31/2003
North Dakota PERS	North Dakota Public Employees Retirement System	6/30/2005
North Dakota TFFR	North Dakota Teachers' Fund for Retirement	6/30/2005
Ohio PERS	Ohio Public Employees Retirement System	12/31/2003
Ohio Police & Fire	Ohio Police & Fire Pension Fund	12/31/2004
Ohio School Employees RS	Ohio School Employees Retirement System	6/30/2005
Ohio STRS	Ohio State Teachers Retirement System	6/30/2005
Oklahoma Firefighters	Oklahoma Firefighters Pension & Retirement System	6/30/2005
Oklahoma PERS	Oklahoma Public Employees Retirement System	6/30/2005
Oklahoma Police	Oklahoma Police Pension & Retirement System	6/30/2005
Oklahoma TRS	Oklahoma Teachers Retirement System	6/30/2005
Oregon PERS	Oregon Public Employees Retirement System	6/30/2004
Pennsylvania SERS	Pennsylvania State Employees' Retirement System	12/31/2004
Pennsylvania PSERS	Pennsylvania Public School Employees' Retirement System	6/30/2004
Rhode Island ERS: Employees	Rhode Island Employees Retirement System: Employees	6/30/2003
Rhode Island MERS	Rhode Island Municipal Employees Retirement System	6/30/2003
Rhode Island ERS: Teachers	Rhode Island Employees Retirement System: Teachers	6/30/2003
South Carolina Police	South Carolina Police Officers Retirement System	6/30/2004
South Carolina RS	South Carolina Retirement System	6/30/2004
South Dakota RS	South Dakota Retirement System	6/30/2005
Tennessee PSPP	Tennessee Consolidated Retirement System Political Subdivision Pension Plan	6/30/2003
Tennessee SETHEEP	Tennessee Consolidated Retirement System State Employees, Teachers, Higher Education Employees Pension	6/30/2003
Texas CDRS	Texas County & District Retirement System	12/31/2004
Texas ERS	Texas Employees Retirement System	8/31/2005
Texas LECOSRF	Texas Law Enforcement & Custodial Officers Supplemental Retirement Fund	8/31/2004
Texas Municipal	Texas Municipal Retirement System	12/31/2004
Texas TRS	Texas Teachers Retirement System	8/31/2005
Utah Contributory RS	Utah Contributory Retirement System	12/31/2004
Utah Firefighters RS	Utah Firefighters Retirement System	12/31/2004
Utah Noncontributory RS	Utah Noncontributory Retirement System	12/31/2004
Utah Public Safety RS	Utah Public Safety Retirement System	12/31/2004
Vermont SERS	Vermont State Employees' Retirement System	6/30/2005
Vermont MERS	Vermont Municipal Employees' Retirement System	6/30/2005
Vermont TRS	Vermont State Teacher's Retirement System	6/30/2005
Virginia RS	Virginia Retirement System	6/30/2004
Washington LEOFF 1	Washington Law Enforcement Officers & Fire Fighters' Retirement System 1	6/30/2005
Washington LEOFF 2	Washington Law Enforcement Officers & Fire Fighters' Retirement System 2	6/30/2005
Washington PERS 1	Washington Public Employees' Retirement System Plan 1	6/30/2005
Washington PERS 2/3	Washington Public Employees' Retirement System Plan 2	6/30/2005
Washington SERS 2 & 3	Washington School Employees' Retirement System Plan 2 & 3	6/30/2005
Washington TRS 1	Washington Teachers' Retirement System Plan 1	6/30/2005
Washington TRS 2 & 3	Washington Teachers' Retirement System Plan 2 & 3	6/30/2005
Washington WSPRS 1 & 2	Washington State Patrol Retirement System	6/30/2005
West Virginia PERS	West Virginia Public Employees Retirement System	6/30/2004
West Virginia TRS	West Virginia Teachers Retirement System	6/30/2004
Wisconsin RS	Wisconsin Retirement System	12/31/2003
Wyoming RS	Wyoming Retirement System	12/31/2004